



# LEGAL BRIEFS

From the Fort Knox Legal Assistance Office

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## MOTOR VEHICLE REGISTRATION AND KENTUCKY SALES, USE, AND PERSONAL PROPERTY TAX REGARDING AUTOMOBILES

### **REGISTERING YOUR OUT-OF-STATE VEHICLE AND HOW TO QUALIFY FOR AN EXEMPTION TO THE KENTUCKY VEHICLE USAGE TAX**

This brief provides some information about registering your vehicle. Soldiers and civilians stationed at Fort Knox must register their vehicles in Kentucky, or their home state, and on post.

#### **COMING FROM AN OVERSEAS ASSIGNMENT**

If you are coming to Fort Knox from an overseas assignment, your first stop should be at the Post Vehicle Registration Section in the One-Stop Processing Center, Building 1384, at the traffic circle. Their telephone number is (502) 624-6222. There you can obtain a temporary registration permit that will allow you to drive on post for 30 days. During those 30 days you must obtain a valid state registration and return to permanently register your vehicle on post. To drive off post, however, you must register your vehicle within the first two weeks the vehicle is in Kentucky. Non-Kentucky residents should register with their home state within the first 15 days after they arrive in Kentucky as well. To avoid any problems, register as early as possible with the post and your state.

#### **COMING FROM OUT-OF-STATE**

If you are coming from another state you may continue to keep that registration. You will have to keep your out-of-state registration valid. Individual requirements for registration vary from state to state. Contact your state vehicle registration office for specifics. The Post Vehicle Registration Section can provide your state vehicle registration address and telephone number.

#### **WHERE DO I REGISTER?**

Registering your vehicle in Kentucky can be accomplished by local county clerk, in the vehicle registration office. The local office phone numbers and addresses are listed at the end of this brief. If you own your vehicle you will need to bring the

following items to that office: your registration, your title, proof you paid state sales tax in another state (or proof you have previously registered your vehicle in Kentucky), and proof of vehicle insurance. If you are buying a new vehicle, the dealer will normally handle registration.

#### **LEASED VEHICLES OR VEHICLES WITH A LIENHOLDER**

If you are leasing a vehicle or there is a lienholder holding the title on your vehicle, the Registration Office must send a letter to your leasing company or lienholder to get them to release the title so a new one may be issued. Only one state may issue a title for an individual vehicle. Some companies will give you a power of attorney to register and title your vehicle, so contact your vehicle titleholder to see if this option is available. This step is necessary because the titleholder owns all or part of the vehicle. The fact that a leasing company owns an interest in your vehicle is also important in determining vehicle related taxes. Make sure you read the information below about vehicle taxes.

#### **DON'T FORGET TO REGISTER ON POST**

Once you have a valid state registration, remember you still have to register the vehicle on post at the Post Vehicle Registration Section. You must register in person and present the following items: your driver's license, proof of ownership, and proof of insurance. If you are registering a vehicle belonging to another person, you must have a power of attorney from them authorizing you to register the vehicle. You can obtain a power of attorney at the Legal Assistance Office.

#### **WILL I OWE TAXES WHEN I REGISTER?**

Servicemembers are granted special exemptions from certain vehicle taxes by Kentucky and Federal laws. To understand how these exemptions work, you must clearly define and distinguish each tax. There are three types of taxes in this area: Sales Tax, Vehicle Usage Tax, and Personal Property Tax.

A "Sales Tax" is charged as a percentage of the sales price of an item and it is charged to everyone who purchases items at retail in the state. Kentucky does not have sales taxes on vehicles. Most other states do.

Vehicle Usage Tax (VUT) is charged on individuals for the privilege of registering and operating a vehicle within the state.

Kentucky normally charges a VUT on all vehicles when an individual first registers the vehicle in Kentucky. The amount of the tax is (6%) six percent of the retail price according to the NADA or "book value." However, Kentucky gives all registrants credit for the amount of sales tax they paid to another state. No credit is given for sales tax paid to counties or cities.

Kentucky law exempts non-resident active duty servicemembers stationed in Kentucky from VUT on new vehicles. This exemption is limited to new vehicles purchased from authorized dealers. The exemption is not available for used vehicles and is not available to Kentucky residents. Also, this exemption does not apply to leased vehicles or vehicles registered to military family members.

### **EXAMPLE**

Let us say you are a soldier stationed at Fort Knox, Kentucky and you purchase a used vehicle in Missouri and paid Missouri state sales tax of 4.225% and a city sales tax of 3%. The purchase price of the vehicle was \$10,000.00 and, therefore, on your sales documents the dealer noted you paid the sum of \$722.50 sales tax, \$422.50 in state tax and \$300.00 in city sales tax.

|                           |             |
|---------------------------|-------------|
| Price of vehicle          | \$10,000.00 |
| MO State Sales Tax 4.225% | 422.50      |
| City Sales Tax 3%         | 300.00      |

When you register your vehicle in Kentucky, if they calculate the book value as \$12,000.00, a use tax of \$720.00 would be assessed. However, you would receive a credit for the \$422.50 you originally paid as "state" sales tax. Therefore, \$297.50 in VUT would be due to Kentucky. The above exemption would not apply since the vehicle was not new or purchased from a Kentucky dealer.

|                           |             |
|---------------------------|-------------|
| Book Value                | \$12,000.00 |
| KY Vehicle Usage Tax 6%   | 720.00      |
| MO State Sales Tax 4.225% | 422.50      |

*KY VUT Due*

*\$297.50*

You would then be required to pay the registration fee and any other minimal clerk or related inspection fees as they may apply in a particular case. The locations of the Kentucky registration offices are at the end of this document.

### **PERSONAL PROPERTY TAX**

A "Personal Property Tax" is charged on the value of personal property located in a state based on its' assessed value. This type of tax may be charged in addition to Vehicle Usage or Sales Taxes.

Active duty service members have a different special privilege conferred upon them by a federal law called the Soldiers' and Sailors' Civil Relief Act, (50 U.S.C. Appdx 501 et. seq.). If you are not a legal resident of Kentucky, the Soldiers' and Sailors' Civil Relief Act protects you from having to pay State personal property tax to Kentucky. In order to invoke this exemption, you need to take your January LES for the current year and a completed DD Form 2058 listing your state of legal residence to the vehicle registration office. When you present these documents, you will not be charged the tax, only the renewal registration fee. A special note: The vehicle must be registered in the service member's name as primary owner and not in a spouse or child's name in order for this exemption to be properly applied. Also, this exemption does not apply to leased vehicles.

You may obtain a DD Form 2058 from your local publications point or the Legal Assistance Division of the Staff Judge Advocate's Office.

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If you have any questions concerning these matters, please call the Legal Assistance Office for an appointment at (502) 624-2771. Our hours of operation are Monday through Friday, 0800 - 1600. The Fort Knox Legal Assistance Office is located in Building 1310, Pike Hall (north of the post office on Knox Street).